

**FEDERAL BUREAU OF INVESTIGATION**  
**FREEDOM OF INFORMATION/PRIVACY ACTS SECTION**

**SUBJECT: FRANK COSTELLO**

**FILE NUMBER: 74-1418 SUB A**

# Costello Appeal Fails; Contempt Rap Upheld

By 3-2 vote, the Appellate Division yesterday upheld a 30-day contempt of court sentence imposed on gambler Frank Costello by General Sessions Judge Jacob Gould Schurman for refusing to answer grand jury questions concerning the attempt on his life May 2, 1957. A would-be assassin shot and slightly wounded Costello on the head in the lobby of his apartment house at 115 Central Park West.



Costello served 15 days of the sentence before winning freedom in \$1,000 bail pending appeal. Morris Shilensky, Costello's lawyer, said the Appellate Division ruling probably would be appealed to the State Court of Appeals.

## Could Win 5 Days Off

Should the gambler elect to throw up his hands, and do time, he could win five days off of the remaining 15 through good behavior.

Costello was a model prisoner during his previous hitch.

Specifically, Schurman adjudged him in contempt for refusing to explain the meaning of a slip bearing the notation "Gross Casino Wins 4/26/57 \$651,284," which was found in his clothing at the time of the shooting.

## Had Chance for Immunity

In requesting the explanation, state authorities offered him immunity from prosecution.

In the appeal, Costello's counsel said that an answer would lay him open to possible prosecution by federal authorities and hence would violate his constitutional

right to refuse to testify against himself.

But Associate Appellate Justice Francis Bergan, in the majority opinion, held that the immunity offered was "as adequate as the state can make it against its own subsequent prosecution" and potential federal prosecution was not enough to warrant refusal to answer.

Presiding Justice Bernard Bo-stein and Associate Justice James B. McNally concurred.

Dissenting were Associate Justices Harold A. Stevens and Benjamin J. Rabin.

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N. Y. Daily News ☒  
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Date OCT 1 1958

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# Sherman, O'Dwyer's Friend, Ordered Out Of U. S., Will Appeal

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## F.B.I. Head Warned of Him in '51 Hungarian, He May Not Leave

By Judith Crist

Irving Sherman, friend and confidant of former Mayor William O'Dwyer and gambler Frank Costello, was ordered deported to his native Hungary yesterday by the Immigration and Nationalization Service.

Sherman, fifty-nine, of 299 W. 12th St., is free in \$10,000 bond. The deportation order, dated Dec. 11, held that he had entered the United States illegally by plane from Toronto on Aug. 23, 1941. His attorney, Samuel Paige, of 261 Broadway, said late yesterday that he had not yet received the order but that, informed of its contents, he would appeal it.

### At Crime Inquiry

In 1951, J. Edgar Hoover, director of the F. B. I., described Sherman as "one of the most prominent criminals in the underworld and also a very powerful politician in New York City." That year he also testified before the Senate Crime Investigating Committee, which had sought him for months before he finally appeared.

He was arrested on a deportation warrant in September and freed on bond. He has contended that he was born in New York City but immigration officials say he was born in Ungvár, Hungary, on May 6, 1897, and first entered the United States at New York by boat on Sept. 7, 1908.

An immigration official said Sherman has ten days in which to make an appeal, and the question of whether he would be taken into custody would not be decided until then or, if he should appeal, until after the Board of Immigration Appeals in Washington makes its ruling.

### Difficulty Foreseen

The department expected difficulty because of Sherman's Hungarian nationality. It might, a spokesman said, be "some time," were the order upheld, before Sherman could be returned there because of the political situation in that country. If Hungary should refuse to issue a passport and accept him, and Sherman had been taken into custody here, he would have to be freed after six months, as provided by law, and could remain here "indefinitely," although his movements would be restricted.

The deportation order held that at the time of his entry from Canada in 1941 Sherman "was within one or more of the classes of alien excludable by the law existing at the time," that he was "a person who did not present a valid visa" or re-entry permit or border-crossing identification card as required by law.

Further, Special Inquiry Officer Reuben Speiser held, Sherman failed to supply notification of his address or other information in compliance with the law "and has not established that such failure was reasonably excusable or was not willful."



Irving Sherman

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Date DEC 15 1956

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**Gambler's Associate  
Is Ordered Deported**

NEW YORK, Dec. 14 (AP) — A Garment district mystery figure, Irving Sherman, a close friend of former Mayor William O'Dwyer and brother of Frank Costello, was ordered deported to Hungary today. The U. S. Immigration Service ruled that Sherman, 56, entered this country illegally from Canada in 1942. He has 10 days to appeal the ruling before the Immigration Board in Washington.

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# Order Irv Sherman, Shadowy Garment Figure, Out of U.S.

By FRED J. COOK,  
Staff Writer.

*Irving Sherman*, the mysterious garment district figure who was a mutual friend of former Mayor William O'Dwyer and Frank Costello, the racket boss, was ordered deported today by the Immigration and Naturalization Service.



Photo by Albertin.  
IRVING SHERMAN.

The action was based upon a finding that Sherman entered this country illegally, flying here from Canada in 1941. He has 10 days in which to appeal the deportation order with the Board of Immigration Appeals in Washington.

Even if the deportation order is upheld, it appeared that Sherman might remain in this country for some time. The hitch lies in the fact, an immigration spokesman said, that Sherman is a Hungarian national, and if Hungary, now undergoing the turmoil of revolution, should refuse to accept him, he could remain here indefinitely.

## Checkered Career.

The federal order barring Sherman from U.S. shores marks the latest chapter in the checkered career of the 59-year-old dressmaker who became the mystery man of the O'Dwyer administration.

When the Kefauver Senate crime committee was creating a national sensation on television, Sherman was the little man who wasn't there. Later located, he testified before the committee, off camera, and acknowledged that, in 1945, just before Mr. O'Dwyer was elected Mayor, he had gotten out of New York at Mr. O'Dwyer's special request.



WILLIAM O'DWYER

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CLIPPING FROM THE  
N. Y. N.Y. WORLD TELEGRAM & SUN  
DATED DEC. 14, 1956  
FORWARDED BY N. Y. DIVISION

P. 1 7th. SPORTS

RE: IRVING SHERMAN,  
FRANK COSTELLO  
TOP HOODLUM COVERAGE

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The Mayor-to-be sent word to him, Sherman said, that the newspapers were preparing a "big blast" about the O'Dwyer-Sherman-Costello connection, and he wanted Sherman out of the city and out of newspaper reach.

#### Helpful Agent

Sherman testified that he left the city the next day, traveling to shore resorts from Maryland to Florida and returning to New York a couple of days after Mr. O'Dwyer had been elected.

Other testimony before the crime committee disclosed that

Continued on Page Two.

Sherman was the helpful agent who obtained a telephone expert to check up on the phones of such underworld bigshots as Costello and Dandy Phil Kastel to see if their wires were being tapped.

It was following his testimony before the Senate crime probers that other troubles mounted for Sherman. The immigration service, looking into his past, charged that he came here by ship in 1908, later went to Canada and re-entered the country illegally from Toronto in 1941. Sherman contended he was born in New York.

The immigration service decision, revealed today, concluded that Sherman "did not present a valid visa" in entering the country from Canada and that he failed to comply with the law by notifying authorities of his address and giving other essential information. It added that Sherman "has not established that such failure was reasonably excusable or was not wilful."

An immigration spokesman said that Sherman, who lives at 299 W. 12th St. and has been at liberty under \$10,000 bond, would not be arrested until after the expiration of the 10-day period in which he may appeal. Sherman's attorney, Samuel Falge, of 261 Broadway, said he had not yet received the deportation order, but that he would appeal and ask permission to make an oral argument before the appeals board in Washington.

# High Court Review Due Costello, Denied Beard

By ROBERT K. WALSH

The Supreme Court today refused to review the income-tax evasion conviction of Samuel R. Beard, former Washington gambler.

The court at the same time announced it would review the case of Frank Costello, former New York gambler who was convicted of income tax evasion and was sentenced to five years in prison. The sole point on which the Costello appeal will be heard, however, is on the basis of his complaint that he was indicted on hearsay testimony of Internal Revenue Service agents and other tax experts.

In a separate order the court rejected another Costello appeal—this one from his conviction for contempt and \$500 fine for refusing to answer questions asked in a Government suit to cancel his 1925 naturalization.

In refusing to review the Beard case which originated in Federal Court in Baltimore, the Supreme Court did not act today on a somewhat similar case involving Emmitt Warring, a Washington gambler who also was convicted in Federal Court in Baltimore last year on tax charges. Beard had based his appeal mainly on a contention that income tax records which a taxpayer is required to keep come under the protection of the Fifth Amendment provision concerning possible self incrimination.

The Beard and Costello cases were among several score which the Supreme Court today either accepted for review later in the

term or refused to review. Such refusal leaves standing the lower court convictions in effect.

One of the most important cases accepted for review was the Justice Department's appeal from a low Federal Court dismissal of a civil antitrust suit against the E. I. du Pont de Nemours and Co. The Government had attempted to prove that, mainly on the strength of possession of large stock interests in the General Motors Corp., Du Pont actually controlled that automobile manufacturing concern and that this amounted to conspiracy to restrain trade. A Federal District Court judge in Illinois held the Government failed to prove such a conspiracy.

Arguments will begin before the Supreme Court tomorrow on another case involving the Du Pont Company. This concerns an appeal by the Justice De-

partment from a Federal Court decision in Delaware that the company did not illegally monopolize the cellophane business.

## Other Reviews Granted

Other major review petitions granted by the high court today included:

1. The complaint of a former employe of Cutter Laboratories, Inc., of California, that she was unjustly discharged by that drug manufacturing concern on the grounds that she was a Communist.

2. An appeal by Harold I. Cammer from a contempt of court judgment in United States District Court for the District of Columbia on a complaint that he sent questionnaires to members of a grand jury. Mr. Cammer, a New York attorney, represented Ben Gold, former union leader, who was convicted here last year on charges of falsely denying Red affiliations. The attorney was held in contempt later because he sent questionnaires asking grand jury members as to the possible effect of the Government's loyalty program on them.

## Pegler Case Refused

Among cases which the court refused to review were:

1. The libel suit in which

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Miss Gandy \_\_\_\_\_

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Quentin Reynolds, author, was awarded damages of \$175,000 against Westbrook Pegler, columnist, and the Hearst Corp. and the Hearst Consolidated Papers, Inc. The suit grew out of a column written by Mr. Pegler in 1945, attacking Mr. Reynolds.

2. A case challenging the authority of Chief Judge Bolitha J. Laws of the U. S. District Court for the District of Columbia to make a temporary assignment of a Federal Judge who was retired for "permanent disability." This involved the assignment of Judge Robert Wilkin, formerly of the northern Federal district of Ohio, to preside at a trial of a \$15,000 insurance claim against the American Automobile Insurance Co. The U. S. Court of Appeals for the District of Columbia upheld the assignment and it is now sustained by the Supreme Court's refusal to intervene.

3. A decision by Federal Judge Herman Moser in Baltimore last

year that the Maryland Legislature did not have constitutional power to give the Maryland University Board of Regents control of the more than \$2 million in endowment funds. Such funds had been collected since 1903 by an independent corporation known as the "Trustees of the Endowment Fund of the University of Maryland." The Legislature two years ago passed a law which would eliminate that trustee group and turn over the endowment funds to the University's regents.

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Mr. Boardman  
Mr. Nichols  
Mr. Belmont  
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Miss Gandy

## COSTELLO LOSES TAX CASE APPEAL

Ruling, However, Reverses a  
Count, Reducing Fine—  
New Plea Is Planned

Frank Costello's income tax evasion conviction was unanimously upheld yesterday by the United States Court of Appeals.

The court, however, reversed one of three counts on which the 62-year-old gambler was convicted, thus reducing from \$30,000 to \$20,000 the fine imposed. The decision did not affect the five-year prison sentence imposed by Federal Judge John F. X. McGohey.

Costello was convicted last May for evasion of \$39,015 in income taxes for 1947 through 1949. He has been free in \$50,000 bail. The defense said it would ask the United States Supreme Court to review the conviction.

In reversing the one count dealing with 1946, the court held that the evidence presented to the jury as to Costello's net worth in that year had not been substantiated by the facts. The court said that Costello's reserve for that period could not have been more than \$40,000 whereas the jury had determined that he had had a reserve of more than \$75,000.

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case upon what has been known as the "net worth" theory which the Supreme Court very recently accepted as possible though it must be filled with the greatest care. By his own admission Costello was a gambler, but he had no other occupation. He had substantial interests in slot machines and juke boxes and he gambled on horses, cards and fights.

The opinion pointed out that evidence showed that Costello received \$30,000 for keeping bookmakers away from a racetrack for two years, which of itself showed him to have been a man of powerful undisclosed influence.

Judge Hand continued: "We cannot see how it can be doubted that a man, having no resources in loans, gifts or inheritances, could have spent what Costello did in the indictment years unless it was out of his income or his wife's, or unless he had a cash reserve accumulated from past years."

### Indictment Upheld

The fact that the Government obtained the indictment from hearsay evidence to a grand jury disturbed Judge Jerome N. Frank. However, Judges Learned Hand and Charles E. Clark held that the indictment could not be questioned. No Government trial witness gave evidence before the grand jury.

In a concurring opinion Judge Frank wrote:

"Judge Hand finds that the sole evidence before the grand jury was hearsay. Judge Hand holds that, nevertheless, the indictment cannot be questioned. This leaves me in some doubt.

"I have serious misgivings about concurring in a conclusion that a grand jury may indict solely on the basis of evidence that would not support a verdict after trial. However, because of my esteem for Judge Hand's wisdom, I reluctantly concur, with the hope that the Supreme Court will review our decision and consider the question.

The court's opinion, written by Judge Hand, said:

"The prosecution built up its

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CLIPPING FROM THE  
N.Y. TIMES

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## Appeal Lost By Costello, Fine Is Cut His 5-Year Tax Sentence Upheld.

The United States Court of Appeals unanimously upheld yesterday Frank Costello's conviction for income tax evasion.

However, the three-member tribunal struck down one of the three counts on which he was found guilty by a jury May 13, 1954, of evading \$51,085 between 1947 and 1949 and reduced his fine from \$30,000 to \$20,000. It did not disturb the five-year sentence.

Morris Shilensky, of counsel for the sixty-two-year-old gambler, free in \$50,000 bond, said that an application will be made for a writ of certiorari, or appeal, to the Supreme Court. He quoted from a concurring opinion by Judge Jerome N. Frank. The principal opinion was written by Judge Learned Hand, in which Chief Judge Charles E. Clark joined.

### Quotes Judge Frank

"Judge Hand finds that the sole evidence before the grand jury was hearsay," Judge Frank wrote. "Judge Hand holds that nevertheless the indictment cannot be questioned. This leaves me in some doubt. I have serious misgivings about concurring in a conclusion that a grand jury may indict solely on the basis of evidence that would not support a verdict after trial. . . . However, because of my esteem for Judge Hand's wisdom, I reluctantly concur with the hope that the Supreme Court will review our decision and consider the question."

The government's case, presented by Chief Assistant United States Attorney Lloyd F. MacMahon, was based on the "net worth expenditure" theory. This involves expenditures as compared with net worth over a period of years. The Court of Appeals noted that the Supreme Court has recently accepted the "net worth method" of prosecution as "permissible, though it must be applied with the greatest caution."

"We cannot see," Judge Hand wrote, "how it can be doubted that a man, having no resources in loans, gifts or inheritances, could have spent what Costello did in the indictment years unless it was out of his income or his wife's, or unless he had a cash reserve accumulated from past years."

### Big Purchases Cited

The court observed that the prosecution proved that either Costello, or his wife, Loretta, made large purchases in each of the indictment years, carrying from \$60,000 in 1948 to \$90,000 in 1949.

"The issue is narrowed," Judge Hand said, "to whether Costello had an accumulated cash reserve at the beginning of 1946 out of which the purchases might have come that were shown to have been made, and not declared."

The one count which the court dismissed—dealing with 1947—involved \$22,000, so that Costello still stands convicted of avoiding about \$29,000 for 1948 and 1949.

Mr. Tolson ☒  
Mr. Boardman ☒  
Mr. Nichols ☒  
Mr. Belmont ☒  
Mr. Harbo ☒  
Mr. Mohr ☒  
Mr. Parsons ☒  
Mr. Rosen ☒  
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Mr. Holloman ☒  
Miss Gandy ☒

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Wash. Post and Times Herald ☐  
Wash. News ☐  
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N. Y. Herald Tribune ☒  
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Date: APR 6 1955

Mr. Tolson ✓  
 Mr. Ladd ✓  
 Mr. Nichols ✓  
 Mr. Belmont ✓  
 Mr. Clegg ✓  
 Mr. Glavin ✓  
 Mr. Harbo ✓  
 Mr. Rosen ✓  
 Mr. Tracy ✓  
 Mr. Gearty ✓  
 Mr. Mohr ✓  
 Mr. Winterrowd ✓  
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 Mr. Holloman ✓  
 Mr. Sizoo ✓  
 Miss Gandy ✓

G.I.R.-5

(COSTELLO)

NEW YORK--CONVICTED GAMBLER FRANK COSTELLO SOUGHT RELEASE FROM FEDERAL PRISON TODAY ON THE GROUNDS THAT HE SHOULD HAVE BEEN IMPRISONED IN A "COMMON JAIL" FOR CONVICTION OF CONTEMPT OF CONGRESS.

COSTELLO'S ATTORNEY, GEORGE WOLF, REQUESTED AN IMMEDIATE HEARING ON A MOTION IN FEDERAL COURT TO SET ASIDE THE GAMBLER'S 18 MONTH SENTENCE, WHICH ENDS OCT. 28. WOLF SAID A 100-YEAR-OLD PROVISION OF THE FEDERAL CRIMINAL CODE WAS VIOLATED BY HOUSING COSTELLO IN THE LEWISBURG, PA., MILAN, MICH., AND ATLANTA, GA., FEDERAL PRISONS.

WOLF SAID HE WOULD ARGUE THAT COSTELLO SHOULD HAVE SERVED HIS TERM FOR REFUSING TO COOPERATE WITH A CONGRESSIONAL INVESTIGATING COMMITTEE IN THE HOUSE OF DETENTION HERE. COSTELLO HAS BEEN IN THE HOUSE OF DETENTION SINCE HE WAS BROUGHT HERE FROM MILAN TWO WEEKS AGO.

NO IMMEDIATE HEARING OF THE MOTION IS EXPECTED SINCE FEDERAL JUDGE SYLVESTER RYAN, BEFORE WHOM IT WILL BE ARGUED, IS CONDUCTING A TRIAL.

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# Costello Again Asks Release

Frank Costello sought an order in Federal Court yesterday to release him from serving his present eighteen-month sentence for contempt of the United States Senate on the ground that he was sentenced illegally by Judge Sylvester Ryan on April 18, 1952.

Costello, who began his sentence last August, is now in the Federal House of Detention here, where he had been moved from the Federal Correctional Institution in Milan, Mich., to plead to an indictment charging evasion of more than \$73,000 in Federal income taxes.

In his application, filed by George Wolf, his attorney, the gambler contended that he had been confined to two penitentiaries, whereas the law provided that he be confined to "a common jail." He said he had been sent to penitentiaries at Lewisburg, Pa., and Atlanta, Ga., before being transferred to Milan, Mich., and that none of these met the definition of "a common jail" as provided in Section 192, Title 2, of the United States Code.

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- Wash. Post
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- N.Y. Herald Tribune
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# Costello Hit With Tax Liens Of \$500,000

Frank Costello, now serving a prison term for contempt, has been slapped with income tax liens totaling nearly \$500,000.

The Bureau of Internal Revenue filed the liens in Newark yesterday. As a result, any assets Costello may have in Essex County are tied up until he settles his tax account.

The liens total \$486,722.64. Costello must satisfy the claims within 10 days, the government said, or action will be taken to seize his assets.

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 N.Y. POST

N. Y. \_\_\_\_\_  
 DATED JAN 23 1953  
 FORWARDED BY N. Y. DIVISION

## Illegal Imprisonment Plea Denied in Bid To Free Costello

By the Associated Press

ATLANTA, Dec. 20.—Frank Costello, New York gambler, lost the first round in a court battle to escape serving a sentence for contempt of Congress.

His attorneys sought his release from the Atlanta Federal Prison through habeas corpus proceedings on the ground he was illegally imprisoned. Judge Frank A. Cooper denied the plea in Federal District Court yesterday and Costello's lawyers said the matter would be taken to circuit court.

The attorneys, George Wolf of New York and Ralph Quillian, Atlanta, argued that amendment in 1938 of an 1857 statute specifically prescribed a common jail for such sentences. They claimed Costello was "unlawfully restrained in his liberty" when the Government put him in the penitentiary here.

"Mr. Costello," said Mr. Quillian, "was convicted only of a misdemeanor and a particular kind of misdemeanor at that. The Government had no right to confine him with felons or even with prisoners convicted of other misdemeanors."

"He was illegally imprisoned and, because of this, under the statutes, he is entitled to his freedom."

Two days before the hearing,

the Attorney General's office in Washington ordered transfer of Costello to a correctional institution at Milan, Mich. The transfer is expected to be made Monday. Assistant United States Attorney H. H. Tisinger said the Michigan institution meets the qualification of a "common jail" and that Mr. Quillian construed the order to transfer Costello as an admission that the prisoner had been improperly held.

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Mr. Nichols ✓  
Mr. Belmont ✓  
Mr. Clegg ✓  
Mr. Glavin ✓  
Mr. Harbo ✓  
Mr. Rosen ✓  
Mr. Tracy ✓  
Mr. Laughlin ✓  
Mr. Mohr ✓  
Mr. Winterrowd ✓  
Tele. Room ✓  
Mr. Holloman ✓  
Miss Gandy ✓

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(COSTELLO)  
THE JUSTICE DEPARTMENT ANNOUNCED IT HAS TRANSFERRED FRANK COSTELLO,  
NEW YORK GAMBLER, FROM THE LEWISBURG, PA., FEDERAL PENITENTIARY TO THE  
ATLANTA, GA., FEDERAL PENITENTIARY.  
COSTELLO IS SERVING AN 18-MONTH SENTENCE FOR CONTEMPT OF CONGRESS.  
THE DEPARTMENT SAID THE MOVE WAS MADE LATE LAST WEEK. IT GAVE  
NO REASON FOR ITS ACTION.  
10/15--N435P.

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WASHINGTON CITY NEWS SERVICE

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# Tobey Hits Democrats for Rise in Crime Rate

By the Associated Press

Senator Tobey of New Hampshire, a Republican member of the Senate Crime Investigating Committee, accused the Democrats today of "dragging their feet" on breaking up organized crime.

Senator Tobey noted FBI Director J. Edgar Hoover's report this week that crimes of violence had increased over 6 per cent in the first six months of 1952 compared with 1951, and added,

a statement issued through the Republican National Committee:

"Now just a few short weeks before a national election, the new Attorney General hastily recruited in a sudden about-face maneuver, announces that deportation proceedings finally are to be started against that notorious underworld character, Frank Costello. Does the administration really hope to fool the voters with this obvious campaign move—when the same action against this Nation-wide, and until now, safe

crime kingpin could have been brought long ago by previous Truman-appointed Attorney Generals? I recommended that Costello be deported during the crime hearings last March.

"Members of the American Bar Association have just been informed by their own crime commission that organized vice, forced to slow down following the shocking revelations of the Senate crime investigations, has already begun to re-blossom and will flourish until the Federal Government begins to show that it is serious about eliminating it.

"It is no secret that six Democrat Congressmen, five of them still in office, enjoyed the hospitality in the Congressional Hotel in Washington of Murray Olf, even after he had been described to them as a Washington errand-boy for gangland. All five, significantly, came from areas adjacent to cities which are crime centers. Can the new mouthpiece of the old administration purge these Congressmen?"

Senator Tobey did not name the Congressmen.

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Times-Herald  
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 Wash. Star  
 N.Y. Herald Tribune  
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 N.Y. Compass

Date: SEP 24 1952

66 OCT 14 1952

The Washington **Ty-Go-Round**

# Costello Had 'Drag' at Capitol

By Drew Pearson

ONE REASON why Frankie Costello, kingpin of the gambling underworld, has not hitherto been deported probably was his friends in high places.

Some of these friends in Congress have just been revealed through a little black book carried by Costello's Washington lobbyist, Murray Off, whose job it was to defeat the anti-



Pearson

slot machine bill and block other legislation which would hamper gambling.

The Justice Department has known ever since I revealed it on July 21, 1947, more than five years ago, that Costello could be deported because he lied about a previous conviction when he took the oath as a naturalized citizen.

Furthermore, I personally called this to the attention of Howard McGrath when he was Attorney General, and incidentally to the attention of other Justice Department officials.

Only last week did new Attorney General McGranery finally announce that proceedings would be started to deport Costello.

In view of this, Costello's lobbying setup in Washington is significant, especially the manner in which his lobbyist was able to entertain certain Congressmen at shrimp dinners and cocktail parties.

THE MAN WHO did this lobbying, Murray Off, a former convict and former prison mate of Jake Guzik, served as a nerve-center for Costello's and other gambling problems in Washington. He occupied a suite at the fashionable Congressional Hotel within a stone's throw of the Capitol, where he held court for Congressmen. He picked up tabs at the bar, loaned his phone for long-distance calls, and threw shrimp parties for Congressmen every Friday night.

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Meanwhile the Nation's top mobsters also used his apartment for a hangout. There, Costello's partner, racketeer Joe Adonis, hid overnight while the Kefauver Committee was searching for him. There, Meyer Lansky, another notorious gangster, parked his car at the Congressional Hotel's garage and charged the bill to Olf's apartment. From there Olf was also on the phone to gangland chiefs throughout the country—"Dandy Phil" Kastel in New Orleans, "Greasy Thumb" Jake Guzik in Chicago, and Morris Kleinman in Cleveland.

Meanwhile, Congressmen were wandering in and out of Olf's room, or huddling with him at the Congressional bar. Costello's lobbyist also had about \$60,000 in cash from the Costello treasury to distribute in the right places.

No wonder Costello, sitting in New York, felt relatively easy about the possibility of being deported.

HERE IS the rollocc of Congressmen and other interesting characters who either frequented the Costello lobbyist's parties or appeared in his little black book. All names of reputable people published below have been checked to make sure they actually did know Olf, and, in the case of the Congressmen, this column warned two years ago that he was Costello's lobbyist. Yet these Congressmen continued to associate with him:

Congressmen Jimmy Morrison of Louisiana, Louis Rabaut of Michigan, Edwin Willis of Louisiana, Jim Murphy of Staten Island, N. Y., Chester Gorski of Buffalo, N. Y., and Phil Welch of Missouri.

Gorski, who was defeated for reelection last term, used Olf's telephone freely to call his home in Buffalo. Questioned by this column, Gorski swore he always paid Olf back, though he had trouble explaining why he used Olf's phone in the first place, since he had a telephone in the same hotel.

Edith Scheffer, secretary to Congressman Welch, borrowed money from Olf, and made long-distance calls to such places as Detroit and Madison, Wis. Though made from her own phone, she charged the calls to Olf's bill.

When this column asked her for an explanation, she blurted: "I'm stunned. Where did you get your information?"

However, she refused to say

ment until she "cleared it with the Congressman." She never called back.

Other names listed in the Costello lobbyist's little black book are Eddie Vogel, Chicago's slot-machine king (Buckingham 8873), Morris Kleinman of Cleveland (Main 8034), Jimmy Rutkin of Jersey City (Bigelow 3-6000), Emmitt Waring of Washington (Emerson 7525). Guzik's private Chicago number is listed under "Jack G." (Webster 9-0877).

ONE OF THE MOST interesting names in the little black book was that of a Federal judge, together with the telephone number of his former Washington law office. This column is not printing the judge's name because, after interviewing the judge, I am satisfied that he was not connected with Costello or Olf.

The judge explained that one time he defended one of Olf's friends, Al Blickfield, and had met Olf himself on

one occasion. However, the judge claimed he had never represented Olf and did not know him socially.

As for the girls in the little black book, this column checked with several and found that, in many cases, they had met Olf at parties without having any idea of his underworld connections. In fairness to the innocent, this column will not publish any of the girls' numbers. However, Congressman Welch's secretary, Edith Scheffer, has been unable to explain why she borrowed money from the racketeer and charged long-distance phone calls to Olf's bill. This was at the same time her boss was attending Olf's parties in the Congressional Hotel.

What the public has a right to know is why certain Congressmen were so close to Olf, even after this column had identified him two years ago as a former convict, racketeer, and lobbyist for Frankie Costello.

(Copyright, 1952, by the Bell Syndicate)

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Mr. Nichols ✓  
Mr. Belmont ✓  
Mr. Clegg ✓  
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Mr. Holloman ✓  
Miss Gandy ✓

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(COSTELLO)

ATTORNEY GENERAL MCGRANERY ANNOUNCED HE IS ORDERING  
DENATURALIZATION PROCEEDINGS AGAINST FRANK COSTELLO, NEW YORK GAMBLING  
BOSS.

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WASHINGTON CITY NEWS SERVICE

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Mr. Tolson\_\_\_\_  
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Mr. Holloman\_\_\_\_  
Miss Gandy\_\_\_\_

**ADD 1. COSTELLO**

**MCCORMERY SAID THE ACTION TO TAKE AWAY COSTELLO'S CITIZENSHIP IS BASED ON CHARGES THAT COSTELLO MADE FALSE STATEMENTS WHEN HE APPLIED FOR CITIZENSHIP IN 1925.**

**THE JUSTICE DEPARTMENT DECLINED TO SAY WHETHER THE DENATURALIZATION PROCEEDINGS--IF SUCCESSFUL--WILL BE FOLLOWED BY AN ATTEMPT TO SEND COSTELLO BACK TO HIS NATIVE ITALY.**

**COSTELLO, BORN IN ITALY IN 1891 AND NATURALIZED IN 1925, IS SERVING AN 18 MONTH SENTENCE IN THE LEWISBURG (PA.) FEDERAL PENITENTIARY FOR CONTEMPT OF CONGRESS.**

**"I FEEL STRONGLY THAT THIS MAN'S CITIZENSHIP SHOULD BE REVOKED AND I AM ORDERING IMMEDIATE STEPS BY THE DEPARTMENT OF JUSTICE TO ACHIEVE THIS," MCCORMERY SAID IN A STATEMENT.**

**9/8--N506P**

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#### ADD 2 COSTELLO

COSTELLO WAS CONVICTED ON CHARGES OF CONTEMPT OF THE SENATE CRIME COMMITTEE, WHICH HAD DESCRIBED HIM AS ONE OF THREE BOSSES OF THE POWERFUL NEW YORK CRIME SYNDICATE. IT ALSO SAID HE WIELDS A "SINISTER" INFLUENCE ON THE DEMOCRATIC PARTY IN NEW YORK COUNTY.

MCCRANERY'S ANNOUNCEMENT SAID COSTELLO, IN ASKING FOR NATURALIZATION, HAD FAILED TO REVEAL THAT HE HAD BEEN CONVICTED UNDER THE ALIAS "FRANK SAVERIO" ON A CHARGE OF CARRYING A CONCEALED WEAPON AND HAD BEEN SENTENCED TO ONE YEAR'S IMPRISONMENT.

"INTENSIVE INVESTIGATION CONDUCTED BY THE IMMIGRATION AND NATURALIZATION SERVICE REVEALED THAT WHEN COSTELLO APPLIED FOR NATURALIZATION IN 1925, HE FAILED TO DISCLOSE HIS PRIOR CRIMINAL RECORD," MCCRANERY SAID.

"I BELIEVE THAT IT IS INCUMBENT UPON ME TO PROSECUTE MATTERS OF THIS TYPE INVOLVING UNSAVORY CHARACTERS," THE ATTORNEY GENERAL SAID. THE STORY OF COSTELLO'S NATURALIZATION PROBLEMS WAS UNFOLDED IN THE SENATE CRIME COMMITTEE'S HEARINGS IN THE SPRING OF 1951. THE COMMITTEE RECOMMENDED DENATURALIZATION PROCEEDINGS.

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## Jackson Denies Costello's Plea, Gambler Goes to Jail Tomorrow

Frank Costello lost his last legal battle to stay out of jail yesterday when Associate Supreme Court Justice Robert H. Jackson in Washington denied his second petition to be allowed freedom on bail pending an appeal of his contempt conviction to the Supreme Court. United States Attorney Myles J. Lane said last night that Justice Jackson's ruling means that Costello must surrender to the United States marshal at 10:30 a. m. tomorrow to begin serving the eighteen-month term meted out to him after his conviction for contempt of the Senate Crime Investigating Committee on April 4. The sixty-two-year-old gambler can no longer evade imprisonment, the prosecutor said, and must fight his appeal from the conviction from a Federal jail cell. His attorneys are seeking a writ of certiorari from the Supreme Court, asking the nation's highest tribunal to review the finding of the jury and the Court of Appeals which upheld the conviction on July 3.

The Supreme Court may refuse the writ, in which case the decision of the Court of Appeals is final, or it may grant a writ and set a date to hear argument. Whatever their decision, Costello will stay in jail until the matter is settled.

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Mr. Tolson...  
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 Mr. Holloman...  
 Miss Gandy...

# New Plea Denied, Costello Now Is One Step From Jail

Frank Costello, the ex-czar of gambling, reached the next to last stop yesterday in his legal fight to beat an 18-month prison sentence and a \$2,000 fine.

Convicted of contempt for walking out on the Senate Crime Investigating Committee, Costello appealed the sentence and was turned down. He then asked the U. S. Circuit Court of Appeals to reargue the appeal.

The three-man court yesterday denied this petition, without an opinion. U. S. Attorney Myles J. Lane said he will ask for an order fixing a date for Costello's sur-



Frank Costello

render, probably by the middle of next week.

George Wolf, Costello's attorney, said that in a few days, he will ask the Supreme Court to reverse the Appeals Court decision. He also will ask the highest court to extend Costello's \$5,000 bail pending an appeal.

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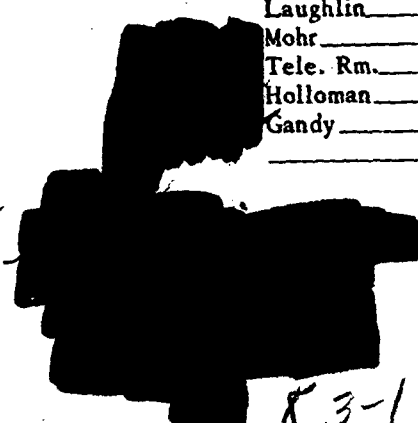
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(COSTELLO)

NEW YORK--ATTORNEYS FOR FRANK COSTELLO SAID THEY WOULD MAKE EVERY LEGAL MOVE REMAINING TO AVERT AN 18-MONTHS PRISON SENTENCE FOR THE NOTORIOUS GAMBLER, WHO WAS CONVICTED LAST APRIL 4 OF CONTEMPT OF CONGRESS.

THE U.S. COURT OF APPEALS YESTERDAY DENIED THE 61-YEAR-OLD COSTELLO'S REQUEST FOR A RE-HEARING OF HIS APPEAL FOR CONVICTION.

U.S. ATTORNEY MYLES LANE SAID THAT "BARRING FURTHER ACTION" COSTELLO, WHO HAS BEEN AT LIBERTY UNDER \$5,000 BOND, PROBABLY WILL BE ASKED TO SURRENDER NEXT THURSDAY.

HOWEVER, GEORGE WOLF, ATTORNEY FOR THE DAPPER UNDERWORLD FIGURE, SAID HE WOULD FILE IN WASHINGTON EARLY NEXT WEEK ANOTHER APPEAL FROM COSTELLO'S CONVICTION AND ALSO WOULD ASK THE U.S. SUPREME COURT TO REVERSE THE RULING HANDED DOWN YESTERDAY BY THE APPEALS COURT HERE.

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WASHINGTON CITY NEWS SERVICE

## Costello Delays Imprisonment With New Plea

Says Ryan's Jury Charge Directed Guilty Verdict in Move for Rehearing

Frank Costello filed a court action yesterday—the last day he could do so—which will delay his scheduled imprisonment next week.

The racketeer did this through his attorney by asking the United States Court of Appeals, which on July 3 upheld his conviction for contempt of the Senate Crime Investigating Committee, to rehear argument for a new trial. He maintained that the charge to the trial jury in United States District Court by Judge Sylvester Ryan "virtually amounted to a direction of a verdict of guilty."

Costello is under an eighteen-month jail sentence and a \$2,000 fine, the appeals court having upheld his conviction on three of ten counts. The three dealt with his walking out on the committee on March 15 and 16, 1951. He is free in \$5,000 bail.

### Appeal Mandate Due Today

On Tuesday, Associate Justice Robert H. Jackson, of the United States Supreme Court, refused to continue Costello in bail pending an appeal to the full high court. The mandate of the Court of Appeals was due to come down by today, which meant that Costello would have to go to jail by Wednesday or Thursday.

However, the filing of the petition yesterday—within fifteen days after his conviction was upheld—stays the proceedings. The request for a new trial will be mailed to the three judges who upheld the conviction—Augustus N. Hand, Jerome N. Frank and Harrie B. Chase. Court attendants said yesterday the three were out of the city.

Myles J. Lane, United States Attorney, said there was no telling how soon the three judges would act on the motion, but he was certain that the matter will not be completed next week. If the judges deny the motion, a mandate ordering Costello's imprisonment will be issued shortly thereafter. However, if they decide to hear argument on it, Mr. Lane will be asked to submit an answering brief to Costello's petition—and then there could be oral argument on over again.

### Refuses to Answer

Among the seven counts thrown out by the Court of Appeals were those which related to three questions asked of Costello concerning his net worth, his total indebtedness and whether he owed more than \$10,000. He refused to answer them on the ground of constitutional immunity. The trial convicted him on all counts.

Judge Ryan, according to Costello, twice told the jury "that even if the defendant believed and was advised by his attorney that he could lawfully refuse to answer" those three questions "it is no defense." This, according to the motion, was prejudicial, caused the jury to convict on all counts, and "unequivocally attests the strong effect of the erroneous instructions on their deliberations."

The motion, filed by Kenneth M. Spence, Costello's lawyer, also said that the questions it raises had not been presented to the Court of Appeals on the original appeal, but stem from that court's dismissing seven counts against Costello.

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# **GAMBLER COSTELLO TO BEGIN CONTEMPT TERM NEXT WEEK**

New York, July 15 (N.Y. News) — Gambler Frank Costello, who got 18 months and a \$2,000 fine for taking a walk on Sen. Kefauver's committee last year, "in all probability" will start serving his term next week, U. S. Attorney Myles J. Lane disclosed today.

Lane reported that Supreme court Justice Jackson had denied an application by Costello to stay the mandate sending him to jail. At the same time, Jackson refused Costello's plea to be continued in \$5,000 bail pending an appeal to the full court.

Costello's conviction for contempt of the Senate was upheld here on July 3 by the U.S. Circuit Court of Appeals.

Bureau made inquiry  
 re: whereabouts of Costello  
 when he "walked out"  
 no investig. on "Contempt"

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(COSTELLO)

WASHINGTON--(UNITED PRESS-WCNS)--COUNSEL FOR FRANK COSTELLO, NEW YORK GAMBLER CONVICTED OF CONTEMPT OF CONGRESS, TODAY SOUGHT AN EXTENSION OF BAIL PENDING AN APPEAL TO THE U.S. SUPREME COURT.

KENNETH N. SPENCE, COSTELLO'S LAWYER, PRESENTED THE BAIL PETITION TO THE SUPREME COURT JUSTICE ROBERT H. JACKSON, WHO PROBABLY WILL RULE ON IT TOMORROW. THERE WAS A SHORT HEARING IN JACKSON'S CHAMBER, WITH ROBERT S. ERDAHL OF THE JUSTICE DEPARTMENT REPRESENTING THE GOVERNMENT.

COSTELLO'S \$5,000 BOND IS ABOUT TO LAPSE FOLLOWING UPHOLDING OF HIS CONVICTION BY THE SECOND U.S. CIRCUIT COURT OF APPEALS IN NEW YORK. SPENCE ALSO ASKED JACKSON TO STAY THE SECOND CIRCUIT'S DECISION PENDING APPEAL.

A SINGLE JUSTICE CAN GRANT EXTENSION OF BAIL BUT THE APPEAL ITSELF CANNOT BE CONSIDERED UNTIL THE HIGH COURT RECONVENES NEXT OCTOBER.

COSTELLO'S CONVICTION STEMMED FROM HIS REFUSAL TO ANSWER QUESTIONS OF THE SENATE CRIME INVESTIGATING COMMITTEE.

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NEW YORK--THE U.S. COURT OF APPEALS UNANIMOUSLY DENIED GAMBLER FRANK  
 COSTELLO'S APPEAL FROM HIS CONVICTION FOR CONTEMPT OF CONGRESS.  
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## 2 COSTELLO JURIES ARE UNDER INQUIRY

**One Holdout in Gambler's  
First Trial Goes Before  
Federal Rackets Panel**

The special Federal rackets grand jury began yesterday an investigation into "possible irregularities" in the juries that sat in the two contempt trials of Frank Costello.

The 31-year-old gambler was convicted in the second trial of contempt of the Senate and sentenced to eighteen months and a \$5,000 fine. Two of the jurors were excused by Federal Judge Sylvester Ryan the day the case went to the panel. The first trial ended in a jury deadlock, with the panel 11 to 1 for conviction on five of eleven counts.

There were five witnesses before the grand jury yesterday, including Houston A. Hiers, a sales manager, of 5409 Fieldston Road, Riverdale, the Bronx. Mr. Hiers was the lone holdout in the first trial. Mr. Hiers testified for thirty-five minutes and is subject to recall.

United States Attorney Myles J. Lane said that he had "pretty good reason" to ask Mr. Hiers to come in for questioning, anyway. The summons was not given, Mr. Lane explained, because the juror had held out, since holding out is a juror's privilege. He added that unless he had a specific reason, he would not call in any juror.

Mr. Lane would not amplify on what he meant by "specific reason" in the case of Mr. Hiers.

As for the two jurors excused in the second trial, Mr. Lane said he did not know whether they would

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DATED *4/16* APR 15 1952

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## U. S. INVESTIGATING 2 COSTELLO JURIES

Continued From Page 1

be called before the grand jury. After they were excused two alternates took their places for the deliberations.

The two excused jurors were Mrs. Helen Louise Mason of 9 West Ninety-ninth Street, foreman, and Julius A. Fox of 33 Riverside Drive.

Mrs. Mason was discharged by Judge Ryan after being questioned in the jurist's chambers for failing to disclose specific political activity about which all jurors were questioned.

A member of the political club of Robert B. Blaikie, insurgent Democratic leader, Mrs. Mason circulated nominating petitions for Rudolph Halley for president of the City Council.

Mr. Halley was formerly chief counsel to the Senate Crime Investigating Committee and was a Government witness against Costello.

Mr. Fox was discharged after Mr. Lane disclosed to the court that two Office of Price Administration civil suits had been filed naming Mr. Fox, who is in the textile finishing business, as a defendant. One case was dismissed, the other is still pending.

## Costello Gets 18 Months and Fine of \$5000

NEW YORK, April 8 (AP).—Racketeer Frank Costello was sentenced today to 18 months in his first prison term since he was a young man of 24.



Costello

The 61-year-old underworld bigshot drew imprisonment for twice defiantly walking out on the Senate's Kefauver Crime Committee here a year ago.

He also was fined \$5000 for contempt of the Senate for refusing to answer committee questions about his finances and his political contacts.

Costello could have got 10 years and a \$10,000 fine.

His attorney, Kenneth M. Spence, said the sentence will be appealed. Spence previously had asked for a mistrial on the grounds that a juror talked to a newspaperwoman before the verdict last week. This was denied.

Federal Judge Sylvester J. Ryan refused to grant bail. But the Federal Appeals Court freed him on \$5000 bail, at least until Thursday. He then will have a chance to seek continued bail until his appeal is processed.

It was Costello's first prison sentence since 1915 when he served 10 months for illegally carrying a gun.

Since then the Government has tried four times to jail him on rum-running, stolen jewelry, tax and contempt charges.

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Times-Herald \_\_\_\_\_

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NEW YORK--GAMBLER FRANK COSTELLO'S RETRIAL FOR CONTEMPT OF THE  
 SENATE CRIME COMMITTEE WILL START MONDAY AND WILL BE CONDUCTED WITHOUT  
 A JURY "AT THE DEFENDANT'S REQUEST," FEDERAL JUDGE SYLVESTER J. RYAN  
 SAID.

KENNETH M. SPENCE, COSTELLO'S LAWYER PINCH-HITTING FOR THE GAMBLER'S  
 REGULAR LAWYER GEORGE WOLF, WHO IS ILL, SAID THAT COSTELLO HAS CONSENTED  
 TO A TRIAL WITHOUT A JURY TO "EXPEDITE MATTERS" SINCE "ONLY A QUESTION  
 OF LAW IS INVOLVED."

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## New Crime Lord Said To Replace Costello

NEW YORK, March 22 (NYHT) — The old underworld organization of Frank Costello is being taken over without its old rivalries and with a new direction in political power by a new, little-known crime overlord, City Council President Rudolph Halley charged today.

Costello, who was "put out of business" by the Senate Crime Investigating Committee, is being superseded by a "clever and much more dangerous fellow," Halley said. The former chief counsel for the investigating committee said that he would not risk naming the man because "he is not a proven criminal."

In an address at Columbia University, Halley said Costello, in his prime, ruled the underworld and his political organization "like a feudal lord." He estimated that there was "from

\$50,000,000 to \$100,000,000 available" to the Costello clique "stashed away in bank vaults around the country." He also claimed that Costello's was the final approval on political leaders and candidates.

Costello's successor, according to Halley, grew up in the ranks of the old organization, but is much more subtle than the old leaders. He "operates behind the scenes," he said and there is no legal evidence to prove him a criminal, and he is established in a legal and lucrative business.

Frank Costello

Times-Herald \_\_\_\_\_

Wash. Post 21M

Wash. News \_\_\_\_\_

Wash. Star \_\_\_\_\_

N.Y. Mirror \_\_\_\_\_

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